

DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

**Please Date Stamp & Return
To Holland & Knight LLP**

In the Matter of)

MCT, Inc.)

For Transfer of Control of MCT, Inc.)
As the holder of Blanket Authorization)
Under Section 214 of the Communications)
Act of 1934, as Amended, to Resell the)
Provision of Switched, Private Line,)
Data, Television and Business Services)
To Domestic, Interstate Points)

FCC/MELLON JAN 10 2002

CC Dkt. 02-9

APPLICATION FOR TRANSFER OF CONTROL OF
DOMESTIC BLANKET SECTION 214 AUTHORITY

MCT, Inc. ("MCT" or "Transferor") and Telephone and Data Systems, Inc. ("Transferee" or "TDS") hereby seek authorization to transfer control of the blanket Section 214 authorizations held by MCT and its subsidiaries – which include Merrimack County Telephone Company, Inc., MCT Communications, Inc., New Hampshire Telephone Company, Inc., MCT Telecom, Inc., and MCTC Inc.— pursuant to Section 63.01 of the Commission's Rules, to provide domestic switched, private line, data, television and business services to all interstate points through the resale of existing facilities of authorized U.S. common carriers.

There will be no adverse effect upon competition in the provision of domestic, interstate telecommunications services as the result of the proposed transfer of

control. The subject transfer of control is part of a transaction by which Maple Acquisition Corp. ("Maple"), a wholly owned subsidiary of TDS, will merge with and into MCT, leaving MCT a wholly owned subsidiary of TDS. The consideration for the merger will be the payment of cash by TDS to MCT shareholders in exchange for their shares in MCT. Thus, MCT's subsidiaries will also become wholly owned indirect subsidiaries of TDS. In support of this request, the applicants submit the following information:

(a) Name and Address of Transferor

MCT, Inc.
11 Kearsarge Avenue
P.O. Box 337
Contoocook, NH 03229-0337
Telephone: (603) 746-9000

Name and Address of Transferee:

Telephone and Data Systems, Inc.
30 North LaSalle Street, Suite 400
Chicago, IL 60602
Telephone: (312) 630-1900

(b) Transferor is a corporation organized under the laws of the State of New Hampshire.

(c) All correspondence on behalf of the Transferor should be sent to:

Paul E. Violette
President
MCT, Inc.
11 Kearsarge Avenue
P.O. Box 337
Contoocook, NH 03229-0337
Telephone: (603) 746-9000

with a copy to:

Gerard Duffy
Blooston, Mordkofsky, Dickens, Duffy, & Prendergast
2120 L Street, N.W.
Washington, DC 20037
(202) 659-0830

All correspondence on behalf of the Transferee should be sent to:

Scott Williamson
Senior Vice President
Acquisitions and Corporate Development
Telephone and Data Systems, Inc.
30 North LaSalle Street, Suite 4000
Chicago, IL 60602
Telephone: (312) 630-1900

with a copy to:

Peter M. Connolly
Holland & Knight LLP
2099 Pennsylvania Avenue, N.W.
Suite 100
Washington, DC 20006
(202) 862-5989

(d) Statement of previously received Section 214 authority:

New Hampshire Telephone Co., Inc., d/b/a/ MCT Long Distance, a subsidiary of MCT, Inc., was granted authority, effective November 5, 1998 in FCC File No. ITC-214-19980911-00646, to provide resold international switched services. An application for the transfer of that authority pursuant to Section 63.18(e) of the FCC's Rules is being simultaneously filed with the Commission.

Transferee is engaged in the business of acquiring and operating, as a holding company, telephone and other companies primarily in the

communications industry. Multiple subsidiary companies held by TDS currently hold Section 214 authority.

(e) MCT owns and operates facilities in the state of New Hampshire.

(f) Transferee ownership:

The following information is current as of February 28, 2001 except as otherwise noted. All individuals listed are U.S. citizens unless otherwise specified.

Series A Common Shares

There are 6,875,567 Series A Common Shares of Telephone and Data Systems, Inc. ("TDS") outstanding. This stock has ten votes per share and has the voting power to elect 75% less one of the TDS Board of Directors and thus controls TDS. A voting trust, formed to facilitate long-standing relationships among the trust's certificate holders, became effective on June 30, 1989, and beneficially owns 6,355,215 Series A Common Shares (92.4% of class). Trustees of the voting trust include the following: (i) LeRoy T. Carlson, Jr., c/o Telephone and Data Systems, Inc. 30 North LaSalle, Suite 4000, Chicago, Illinois 60602, President, Chief Executive Officer and Director of TDS and the son of LeRoy T. Carlson, founder and Chairman of TDS; (ii) Walter C.D. Carlson, c/o Sidley, Austin, Brown & Wood, Bank One Plaza, 2 South Dearborn, Chicago, Illinois 60603, a Director of TDS, a practicing attorney with the law firm of Sidley, Austin, Brown & Wood in Chicago and a son of LeRoy T. Carlson; (iii) Letitia G. Carlson, c/o Telephone and Data Systems, Inc., 30 North LaSalle, Suite 4000, Chicago, Illinois 60602, a Director of

TDS, a physician and a daughter of LeRoy T. Carlson; and (iv) Prudence E. Carlson, c/o Telephone and Data Systems, Inc., 30 North LaSalle, Suite 4000, Chicago, Illinois 60602, an independent writer and art critic and daughter of LeRoy T. Carlson. Under the terms of the voting trust, the trustees hold and vote the Series A Common Shares held in the trust. If the voting trust were terminated, Margaret D. Carlson (wife of LeRoy T. Carlson), LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G.C. Carlson, Prudence E. Carlson, and Donald C. Nebergall, c/o Telephone and Data Systems, Inc., 30 North LaSalle, Suite 4000, Chicago, Illinois 60602, as trustee under certain trusts for the benefit of the children of LeRoy T. Carlson, would each be deemed to own beneficially more than 5% of the outstanding Series A Common Shares. Margaret D. Carlson, c/o Telephone and Data Systems, Inc., 30 North LaSalle, Suite 4000, Chicago, Illinois, 60602, beneficially owns an aggregate of 635,800 Series A Common Shares (9.2% of class) in such voting trust and has sole voting power with respect to 52,009 Series A Common Shares outside of the voting trust. LeRoy T. Carlson, Jr. beneficially owns 1,035,940 Series A Common Shares (15.1% of class) which are held in the voting trust and 12,046 Series A Common Shares outside of the voting trust. Walter C.D. Carlson beneficially owns 1,071,005 Series A Common Shares (15.6% of class) in the voting trust and 838 Series A Common Shares outside of the voting trust. Letitia G. Carlson beneficially owns 1,061,807 Series A Common Shares (15.4% of class) which are held in the voting trust and 905 Series A Common Shares outside of the voting trust. Prudence E. Carlson beneficially owns 1,001,729 Series A Common Shares (14.6% of class) in the

voting trust, and has sole voting power with respect to 194,718 Series A Common Shares outside of the voting trust. Collectively the trusts of which Mr. Nebergall is trustee, beneficially own 648,481 Series A Common Shares (9.4% of class) which are held in the voting trust. In addition, 273 Series A Common Shares held in the voting trust for the benefit of Mr. Nebergall and Mr. Nebergall has sole power with respect to 1,003 Series A Common Shares held outside of the voting trust.

TDS Common Shares

There were 51,808,138 Common Shares of TDS outstanding as of February 28, 2001 based on the most recent Schedules 13D or 13G filings made with the Securities and Exchange Commission. Gabelli Funds, Inc., One Corporate Center, Rye, New York 10580, held 6,343,525 Common Shares (12.2% of class) for the benefit of investors representing 5.3% voting interests in TDS. Franklin Mutual Advisers, Inc. 51 John F. Kennedy Parkway, Short Hills, New Jersey 07078, held 4,170,575 Common Shares (8.0% of class) for the benefit of investors.

Preferred Stock

There were 78,275 shares of Preferred Stock of TDS outstanding as of February 28, 2001. Bennet Miller, Lafayette, Indiana, 47095, owns 30,000 shares (38.3% of class) of the Preferred Shares of TDS. Adelene M. Lewis, London, Kentucky 40741 owns 12,000 (15.3% of class) of the Preferred Shares of TDS. Marlene Click, Dayton, Ohio 45458, owns 11,417 (14.5% of class) of the Preferred Shares of TDS. Edward A. Mattingly, Kentucky 40744 owns 7,000 (8.9% of class) of

the Preferred Shares of TDS. E.L. Davenport, Apple Valley, California 92307 owns 5,804 shares (7.4% of the class) of the Preferred Shares of TDS.

- (g) Transferee certifies that it is not itself a foreign carrier and is not affiliated with a foreign carrier.
- (h) Transferee certifies that, to the best of its knowledge, information and belief, neither Transferee nor any party to this application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.
- (i) The purchase of MCT by TDS will promote efficient, high-quality services and competition in local and long distance telephone services in New Hampshire.

TDS was founded in 1969 with the purchase of ten small telephone carriers in Wisconsin. Over the years, TDS has grown as a landline carrier in large part by acquiring many small ILECs and developing economies of scale in equipment procurements, operations, financing and other areas. TDS conducts its ILEC operations through 107 ILEC subsidiaries, ranging in size from about 500 to 64,000 access lines.

TDS currently operates one ILEC in New Hampshire through its wholly owned subsidiary TDS Telecom, Inc., Kearsarge Telephone Company ("Kearsarge"). Kearsarge provides service to 10,467 access lines in the following exchanges:

Andover: 1,417 access lines (Merrimack County)

New London: 4,367 access lines (Merrimack County)

Salisbury : 1,053 access lines (Merrimack County)

Boscawen: 1,134 access lines (Merrimack County)

Chichester: 1,838 access lines (Merrimack County)

Meriden: 858 access lines (Sullivan County)

TDS provides no CLEC service in New Hampshire and no CLECs operate within its service areas. See attached map (Attachment A) depicting TDS's service areas in New Hampshire.

According to the FCC's Common Carrier Bureau, as of December 31, 2000, New Hampshire had a total of 805,143 ILEC access lines and 52,137 CLEC access lines, for a total of 857,280 access lines.¹

Thus TDS serves approximately 1.3% of the ILEC access lines and 1.2% of the total access lines in the state, in which the dominant wireline carrier is Verizon.

MCT currently serves 18,863 access lines through its Merrimack County Telephone Company subsidiary, in the following exchanges:

Antrim: 2,523 access lines (Hillsborough County)

Bradford: 1,962 access lines (Merrimack County)

Contoocook: 4,311 access lines (Merrimack County)

Henniker: 2,722 access lines (Merrimack County)

¹ See FCC News Release "Federal Communications Commission Releases Latest Data on Local Telephone Competition," released May 21, 2001, Table 6. We would note that carriers with fewer than 10,000 access lines were not required to report data to the FCC, so these figures are probably

Hillsboro: 3,633 access lines (Hillsborough County)
Melvin Village: 962 access lines (Carroll County)
Sutton: 926 access lines (Merrimack County)
Warner: 1,824 access lines (Merrimack County)

Its service areas are also depicted on the attached map (Attachment A). As is shown on the attached map, MCT's Merrimack County service areas abut those served by TDS Telecom companies. However, none of MCT's service areas overlap those of TDS Telecom companies. MCT does not have a CLEC and no CLECs operate within its service areas.

MCT does, however, provide domestic and international long distance service to approximately 4,470 customers through its subsidiary New Hampshire Telephone Company, Inc. d/b/a MCT Long Distance, all of whom reside in its exchange areas, and serves three paging customers.

Thus, upon consummation of this transaction, TDS will serve approximately 29,320 access lines in New Hampshire, or approximately 3.6% of the ILEC access lines and 3.4% of the total access lines in the state.

The exchanges involved in this transaction are predominantly small and rural. The average number of lines per TDS exchange in the state is 1,744. The average number of lines in the MCT exchanges is 2,358.

MCT does not provide cellular or PCS service to its customers. TDS's controlled affiliate, United States Cellular Corporation ("US Cellular"), does provide

low, given that there are 11 telephone companies in the state, some with few exchanges. A list of New Hampshire telephone companies is furnished as Attachment B.

cellular service through subsidiaries in the following New Hampshire counties: Hillsborough; Coos, Grafton, Sullivan, Cheshire, Carroll, Belknap, and Merrimack. As noted above, TDS Telecom's telephone exchanges are located in Sullivan and Merrimack counties, and MCT's exchanges are located in Merrimack, Carroll and Hillsborough Counties.

US Cellular and TDS Telecom, though commonly owned, operate separately and do not market their services jointly. TDS Telecom uses entirely separate facilities from US Cellular. The companies also brand their services separately and use entirely separate billing services.

Moreover, MCT's customers comprise a minuscule proportion of the population of US Cellular's service areas in New Hampshire. The total population of the counties served by US Cellular in New Hampshire is 846,194,² and as noted above, MCT serves 18,863 access lines (approximately 15,700 customers) in three of those counties, Merrimack, Carroll and Hillsborough, 2.2% of the total population. Thus, acquisition of those customers by TDS Telecom would not affect any future decision by US Cellular to offer fixed wireless services or other services directly competitive with wireline services in its New Hampshire market area.

US Cellular does not now offer fixed wireless services and has no present plans to offer such services, in any case. Moreover, the FCC has never considered the provision of cellular and wireline service by commonly owned but separate affiliates in the same market to be anticompetitive or undesirable. Indeed, wireline

² Source: US Census Bureau, Census 2000 Redistricting Data Summary File.

cellular licenses were originally assigned to local wireline carriers to encourage precisely such cross ownerships.

Also, US Cellular itself is subject to stringent wireless competition. In Merrimack County, for example, US Cellular competes with Verizon Wireless (cellular), AT&T Wireless (PCS) and Nextel (enhanced SMR), with additional PCS systems scheduled to begin operation in 2002. "Churn" is a constant in the wireless industry, which is marked, in any case, by steadily declining prices.³ The acquisition of a relatively few additional telephone customers by US Cellular's telephone affiliate would thus not confer any market power on US Cellular to raise prices which could be used in a manner adverse to the public interest.

TDS Telecom and MCT do not now compete in any New Hampshire telephone ILEC exchange and TDS Telecom has no plans to offer CLEC service in New Hampshire. Given MCT's and TDS's small size and market presence in the state, and the number of other wireline and wireless competitors in the state, the proposed merger will not reduce the level of competition in any relevant market, and will, in fact strengthen TDS's ability to compete against the larger ILECs, CLECs and long distance carriers serving New Hampshire.

In addition, the combination will achieve economies of scale and scope that would not otherwise have been available to MCT, and will certainly result in improved competitive efficiency.

³ In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, Sixth Report 16 FCC Rcd. 13350 (2001)

The transaction is in the public interest.

For the foregoing reasons, the applicants respectfully request that the Commission grant the authority requested in this application.

Respectfully submitted,

MCT, Inc.

By:

Paul E. Violette

Name:

Paul E. Violette

Title:

President & CEO

Date:

Jan. 8, 2002

Telephone and Data Systems, Inc.

By:

Name:

Title:

Date:

WAS1 #1041921 v2

The transaction is in the public interest.

For the foregoing reasons, the applicants respectfully request that the Commission grant the authority requested in this application.

Respectfully submitted,

MCT, Inc.

By: _____

Name: _____

Title: _____

Date: _____

Telephone and Data Systems, Inc.

By: 

Name: SCOTT WILLIAMSON

Title: SENIOR VICE PRESIDENT

Date: JANUARY 8, 2002

WAS1 #1041921 v2

Law Offices

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* Representative Office	

January 10, 2002

PETER M. CONNOLLY
202-862-5989

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pconnoll@hklaw.com

VIA CAPITAL FILING SPECIALISTS

Magalie Roman Salas, Secretary
Federal Communications Commission
International Bureau - Telecommunications
P.O. Box 358115
Pittsburgh, PA 15251-5115

Re: Application to Transfer Domestic Blanket
Section 214 Authority

Dear Ms. Salas:

Herewith transmitted, on behalf of MCT, Inc., ("MCT") the transferor, and Telephone and Data Systems, Inc., the transferee, is an original and four copies of an application, filed pursuant to Section 63.01 of the FCC's Rules, to transfer control of the blanket Section 214 authority held by MCT and its subsidiaries. Also transmitted is the required fee form and filing fee.

In the event there are questions pertaining to the transferee's portion of the application, please contact the undersigned. In the event there are questions about the transferor's portion, please contact Gerard Duffy, Blooston, Mordkofsky, Dickens, Duffy & Prendergast, 2120 L Street, N.W., Washington, DC 20037 (202) 659-0839).

Very truly yours,


Peter M. Connolly

cc (w/encl): Gerard J. Duffy, Esq.

January 10, 2002

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bc (w/encl.): Scott Williamson
Stephen Fitzell

January 10, 2002

Page 3

uc (w/encl.): William Dever, Esq.

WAS1 #1047453 v1

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

3060-0589

Page No 1 of 1

(1) LOCKBOX #

358145

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Holland & Knight LLP

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)

815.00

(4) STREET ADDRESS LINE NO. 1

2099 Pennsylvania Avenue, N.W.

(5) STREET ADDRESS LINE NO. 2

Suite 100

(6) CITY

Washington

(7) STATE

DC

(8) ZIP CODE

20006

(9) DAYTIME TELEPHONE NUMBER (include area code)

(202) 955-3000

(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)

0004-1489-95

(12) PAYER (TIN)

590663819

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME

Telephone and Data Systems, Inc.

(14) STREET ADDRESS LINE NO. 1

c/o Holland & Knight LLP

(15) STREET ADDRESS LINE NO. 2

2099 Pennsylvania, N.W., Suite 100

(16) CITY

Washington

(17) STATE

DC

(18) ZIP CODE

20006

(19) DAYTIME TELEPHONE NUMBER (include area code)

(202) 955-3000

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)

0004-9435-28

(22) APPLICANT (TIN)

362669023

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE

(25A) QUANTITY

CUT

1

(26A) FEE DUE FOR (PTC)

815.00

(27A) TOTAL FEE

815.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT

I, Peter M. Connolly, certify under penalty of perjury that the foregoing and supporting information is true and correct to

the best of my knowledge, information and belief.

SIGNATURE

DATE January 10, 2002

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION

☐ MASTERCARD☐ VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE

DATE